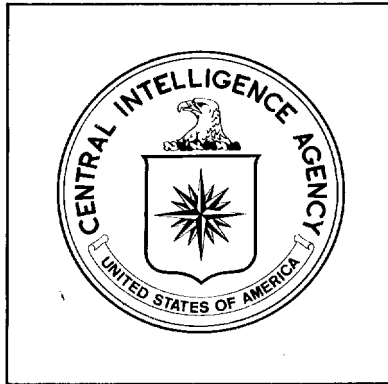


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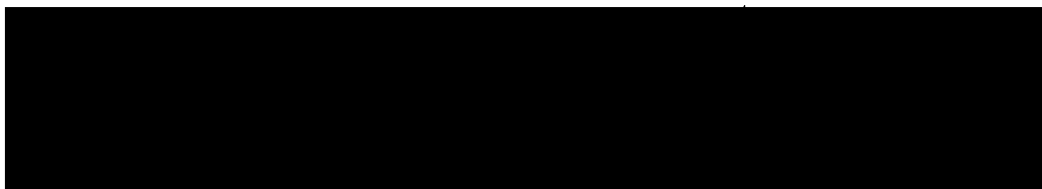
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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Leftward Move In Genoa

The recent formation of a Socialist-Communist municipal government in Genoa is likely to become a divisive issue in the nationwide regional and local elections that will take place in Italy on June 15.

Genoa, the capital of Liguria region and Italy's fifth largest city, is the first major municipality outside of the "red belt"--the three north central regions where Communist-Socialist coalitions predominate--to produce a leftist administration. The Communists are playing up the development by claiming that Genoa is now the "largest city in capitalist Europe administered by the left."

The Socialist-Communist agreement came about after the Socialists pulled out of the city's center-left government following a dispute with the dominant Christian Democrats over the Genoa development plan. The development issue, however, was merely symptomatic of growing tensions between the Christian Democrats and Socialists, largely over the latter's demands for more influence in the municipal coalition.

The new coalition is technically a minority government, since the Socialists and Communists control only 50 percent of the city council. It will nevertheless be difficult for the former governing parties to block Socialist-Communist proposals. They would have to rely on neo-fascist votes to do so--a tactic that is politically dangerous in Genoa where anti-fascist sentiment is particularly strong.

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2 | The Christian Democrats have retaliated
by triggering a crisis in the Ligurian regional
government apparently with the hope of excluding
the Socialists at that level. The Socialists
do not yet hold the balance of power in the
regional council.

3 | The Christian Democrats are in trouble
in Liguria region, however, and an electoral
setback in June would make possible the formation
of a Socialist-Communist government that would
add a fourth region to the "red belt."

1 | Among national party leaders, only the
Communists view the Genoa accord with complete
satisfaction. It is an embarrassment to Socialist
chief De Martino who has been pressing the
Christian Democrats for "preferential" treatment
3 | in future national governments and downplaying
his party's ties with the Communists. Christian
Democratic leader Fanfani can now point to
Genoa as another reason for denying the Socialist
demand. (Confidential)

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Demirel Offers His Program for Turkey

Turkey's Premier Demirel presented his new government's program to the National Assembly yesterday. He called for:

- A two-zone federal system for Cyprus.
- A reappraisal of relations with the US if the military aid cutoff is not ended.
- Opposition to Greek military activity on islands near the Turkish coast, to Greek extension of territorial waters to 12 miles, and to Athens' claim to control the airspace over the Aegean. Demirel said Ankara would negotiate with Athens to gain equitable sharing of the continental shelf in the Aegean.
- Continued "attachment" to NATO and an enlarged relationship with the EC.

Borrowing ideas from former premier Ecevit's opposition Republican People's Party, Demirel advocated giving the vote to 18-year-olds and developing eastern Turkey. He proposed providing retirement insurance, health insurance for farm workers, and partial ownership of companies by workers.

The Premier also pledged to create a national armaments industry and to develop rural resources.

Demirel's program makes no mention of holding an early election, although in many respects it has the appearance of opening an election campaign. The Cyprus policy in the program was first proposed by his principal rival, Ecevit, and his

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domestic program seems to be courting peasant and lower income groups that supported Ecevit in the 1973 election.

2
Demirel's program, however, will do little to improve his chances in the confidence vote that is likely later this week. Demirel's support in parliament seemed to slip a little last week, and his razor-thin majority could dissipate altogether if his conservative backers believe he has gone too far in his efforts to undercut Ecevit.

Debate on the program will start on Wednesday in the National Assembly and on Thursday in the Republican Senate. (Confidential)

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Israel Accepts UNEF Extension

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Israel has agreed to accept a limited three month extension of the UN disengagement forces in the Sinai, despite the Israeli contention that imposing a time limit is "contrary to the spirit of the disengagement agreement." The Israeli decision is expected to open the way for a non-contentious Security Council meeting--probably around the middle of the month--to approve the forces' mandate.

On March 29 Egyptian president Sadat announced that the UNEF mandate--which expires on April 24--would be extended only until the end of July. He added that, in agreeing to extend the UN mandate for three months rather than the usual six, he wanted to make it clear that there was a limit to Egyptian time and patience. (Confidential No Foreign Dissem/Background Use Only)

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Spanish Military Interest in Politics

There are increasing signs that junior and middle-grade officers in the Spanish military are developing a greater interest in politics and public affairs.

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[REDACTED] reports that a loose-knit organization of perhaps as many as 300 officers in the Madrid area has been meeting intermittently in smaller sub-groups for two years. This number is probably inflated, reflecting more

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[REDACTED] of the number of like-minded moderate reformists in the area than the actual membership of a group.

In fact, no effort has been made to formalize membership in the organization, in part because of the restrictions on political activity by junior officers. No leaders have emerged, although certain officers have acted as organizers and intermediaries between the various sub-groups.

These organizers have occasionally circulated studies they believe to be of general interest, some prepared by group members themselves. For example, an article critical of low tax declarations made by prominent Spanish citizens was circulated after the magazine in which it appeared was banned by the government.

As originally visualized, the organization was not intended to adopt any political or social positions. Lately, however, some of the officers have begun to show greater interest in becoming more involved in the political and social evolution of Spain, according to [REDACTED]

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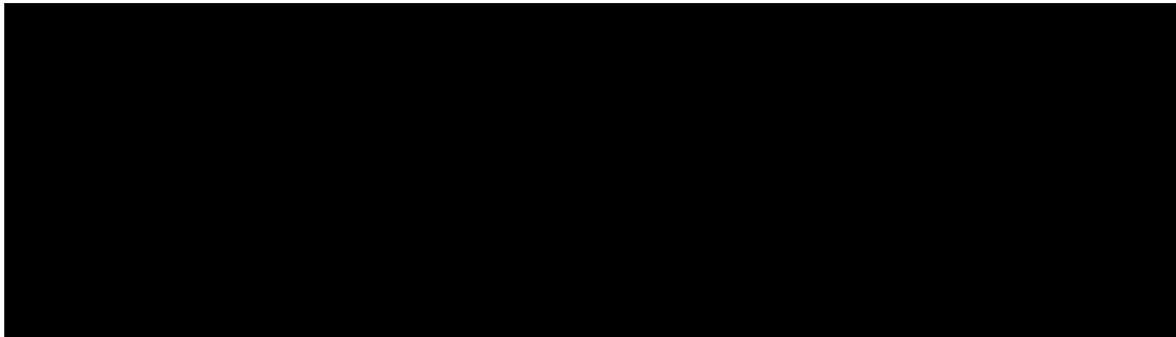
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1 | Some members are actively considering joining the influential 21st Century Club, to which some senior officers already belong. Others may join a growing socio-political organization known as the 1980 Club, which has been closely linked to Manuel Fraga Iribarne. Fraga's efforts to form a political association have so far been frustrated.

2 | This association of junior and middle-grade officers appears to be very loose and unstructured at the present time. It is probably based largely on friendships formed at school or during early military assignments. It might, however, provide an organizational framework for reformist officers interested in developing a more coherent outlook on the direction Spain should take in the period after the departure of Franco. (Secret No Foreign Dissem/Controlled Dissem)

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ANNEXSome Progress Likely at Oil Conference
in Paris

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throughout

The prospects are good that the week-long meeting of representatives from oil producing and consuming states which opened Monday in Paris will meet its goal: progress toward setting an agenda and list of participants for a major conference later this year to work out energy related problems. Additional preparatory meetings may be necessary before the full conference can convene. After months of wrangling on all sides about whether and when to call oil producers and consumers together the results of the Paris get-together may seem anticlimactic. A successful conclusion to the session would nevertheless mark a watershed in relations between the oil producers and the industrialized states and possibly the beginning of a new approach to relations between the developed and developing states.

Success in energy discussions could serve to suggest modalities for future relations between developing states, in particular raw material exporters, and the industrialized states. Attempts to reach a common ground between developed and developing states on issues of development and commodity trade in the UN framework, have, so far, been a resounding failure. Developing states have taken extreme positions, exploiting voting majorities while the industrialized states have held fast to their own positions and pursestrings, secure in the knowledge that UN resolutions can do little to

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change the shape of the world economic system.

French President Giscard invited three sets of countries to participate at this week's meeting:

- Industrialized states, represented by the US, Japan and the EC;
- Developing states, represented by Zaire, India and Brazil;
- Oil producers, represented by Iran, Saudi Arabia, Venezuela, and Algeria.

The meeting will evolve more as a two-sided than three-sided affair. Most of the oil producers are quick to point out that they, too, should be considered developing states and will resist efforts to place them in opposition to the poorer states. In fact, representatives of the developing and the oil producing states caucused over the weekend to coordinate strategy for the meeting. They will cooperate closely during the week but will not be able to dominate the way the developing states have controlled the economic meetings held in the UN over the last year. The industrialized states are well prepared and have tried to develop coordinated positions--something they have lacked in the UN--and voting majorities will be much less significant in this forum than in the UN. Most of the states--developing and developed--are approaching the Paris sessions in a conciliatory and cooperative spirit, realizing they have little to gain and much to lose by pushing pet positions at this early stage.

One difficult point some of the developing states--Venezuela, Algeria and Zaire in particular--are sure to push for, is broadening of the talks to include other raw materials and not just energy. The industrialized states will, to

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different degrees oppose this, although they will be reluctant to meet the Algerian position head-on and will probably support limited discussion of other raw materials in tandem with energy subjects.

At their meeting during the weekend, the developing states and the oil producers reportedly agreed to push for a broadening of the talks. They will do so, however, with varying degrees of enthusiasm. India, Iran, and Saudi Arabia will be reluctant to have the meeting in Paris get too far off the subject of oil.

The developing and oil producing states at Paris will pursue national and regional goals as actively, if not more actively, than common goals. Algeria and Venezuela will emphasize their ties with the developing states more than Iran and Saudi Arabia. Algeria, the most radical of the developing states, will try to dominate just as it has the Third World's efforts in the UN for the last year. Brazil and India on the other hand are moderate developing states. Yet these two contrast: India is among the world's poorest states, and of those in Paris, has been hardest hit by increases in oil prices. Brazil at the other extreme is an emerging semi-industrialized state. Venezuela will use the meetings to bolster its drive for leadership of the Latin American states.

Saudi Arabia and Iran will both be concerned with stabilizing the international oil market and will oppose Algerian ambitions for leadership of the developing country, oil-producing coalition. These two will also differ: the Saudis sit on vast oil reserves and their economy does not come close to absorbing all their oil earnings. Iran's oil reserves are limited and the Shah uses all the country's earnings to push industrialization.

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Zaire, the only African representative, will support the oil producers and, as a major copper producer will be a staunch advocate of moves to broaden the scope of the future conference.

The unity of the industrialized countries in Paris may also be more apparent than real. The three participants representing the industrialized states have prepared their position carefully in the International Energy Agency. In fact, the agency meets early Monday to go over its agreed policy once again, and its members have agreed to confer during the conference whenever necessary. Nevertheless, a decision to participate in the meeting at all had to be put off until the end of March when the 17 member agency agreed to the framework of a plan to encourage the development of alternate sources of energy. The US had insisted that agreement on this point was necessary before it would participate in a conference including oil producers. The details of the plan remain to be worked out however, and France's continued refusal to join in the work of the international agency could make it difficult for the EC members of the agency to settle on the final details. (Secret No Foreign Dissem/Background Use Only/Controlled Dissem)

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